## OIL, GAS AND MINERAL LEASE

THIS LEASE AGREEMENT is made effective the

3th day of

October, 2010, between

### **BOBBY W. GREGORY AND WIFE, RACHEL L. GREGORY**

as the Lessor (whether one or more), whose address is 2309 Water Tower Court W., Fort Worth, TX 76179, and RANGE TEXAS PRODUCTION, LLC, as Lessee, whose address is 100 Throckmorton Street, Suite 1200, Fort Worth, TX 76102.

All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. <u>Description.</u> Lessor, in consideration of Ten and No/100 Dollars (\$10.00 & OGVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in <u>TARRANT</u> County, Texas, to-wit:

1.608 acres of land, more or less, a part of the Benjamin Thomas Survey, A-1497, and being described in that certain General Warranty Deed dated October 9, 1998, from North Fork Estates Joint Venture to Bobby Wayne Gregory and wife, Rachel Lynn Gregory, recorded in Instrument No. D198241499 of the Official Public Records of Tarrant County, Texas, also known as Lot 30, Block 1, of North Fork Estates, an Addition in Tarrant County, Texas, according to the plat thereof recorded in Cabinet A, Slide 3807, Plat Records of Tarrant County, Texas.

No Surface Operations. It is understood and agreed that there shall be no operations of any kind conducted on the surface of the leased premises, without the express written consent of Lessor.

This lease also covers all interest in the leased premises now or hereafter owned or claimed by Lessor and any accretions and small strips or parcels of land owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals, royalties, and shut-in royalties hereunder, said land shall be deemed to be comprised of 1.608 acres, whether it actually comprises more or less.

- 2. <u>Term of Lease</u>. This leaseshall be in force for a primary term of <u>three (3)</u> years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.
- 3. Royalty. Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be twenty-two percent (22%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchase's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be twenty-two percent (22%) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, and the providing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if at the expiration of the primary term or at any time or times after the primary term herein, there is a well or wells capable of production, operations or otherwise, this lease shall not terminate, (unless released by the Lessee), and it shall nevertheless be considered that oil and/or gas is being produced from leased premises within the meaning of Paragraph 2 herein. However, in this event, Lessee shall pay or tender as shut-in royalty to Lessor, a sum determined by multiplying one dollar (\$1.00) per acre for each acre of leased premises included in such unit on which said shut-in well is located. Su
- 4. Operations. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, or lands pooled therewith, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.
- 5. Pooling. Lessee shall have the continuing recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine the leased premises or any portions thereof, as above provided as to oil in any one or more strata and so gas in any one or more strata. Units formed by pooling as to any stratum or strata nead not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and effective date of pooling shall be the date of filing unless provided obtenvies in such decreation. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a un

of covered minerals in and under and that may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of the revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result from the inclusion of such separate tracts within the lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of the production as herein provided. Furthermore, the inclusion or two or more separate tracts within the description of this lease shall not be construed as an offer by Lessor or Lessee to pool the royalty interest among the royalty owners of the separate tracts. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder shall not constitute a cross-

- 6. Ancillary Rights. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises, in primary or enhanced recovery, Lessor hereby grants and conveys to Lessee the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and transport production. In exploring, developing, producing or marketing from the leased premises, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises. No surface location for a well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by from any nouse of part now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by its operations to buildings and other improvements now on the leased premises, or such other lands, and to the commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within 180 days following the expiration thereof. As a result of land development in the vicinity of the leased premises, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on the leased premises or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of the lease premises or off of lands with which the lease premises are pooled in accordance with this lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under the leased premises or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on the lease premises. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this lease, except as expressly stated. lease, except as expressly stated.
- 7. Ownership Changes. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. depth of zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of the Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly or separately, in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in any or tender shuf-in royalties hereunder, shall be divided between Lessee and the transferree in proportion to the proportion to the area covered by the stansfers and the transferree in proportion to the proportion of the proportion to the area covered by the proportion to the proportion to the proportion to the area covered by the stansferree in proportion to the proportion to the area covered by the proportion of the proportion to the proportion of the propo lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.
- 8. Warranty of Title. Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. Lessee, at its option, may pay or discharge any tax, mortgage or lien existing against the leased premises and, in the event that it does so, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced proportionately to the amount that Lessor's interest in the leased premises bears to the entire mineral estate in the leased premises.
- 9. Release of Lease. Lessee may, at any time and from time to time, deliver to the Lessor or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the leased premises or any depths or zones thereunder, and shall thereafter be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- 10. Regulation and Delay. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells. Nothwithstanding the provisions of paragraph 2 above, when drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control (commonly referred to as "force majeure") this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.
- 11. <u>Breach or Default.</u> An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work as a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless the Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principle agent relationship between Lessor and Lessee for any purpose.
- 12. <u>Right of First Refusal</u>. In the event Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase, from Lessor, a new lease covering any or all of the substances covered by this lease and covering all or a portion of the leased premises, with the new lease becoming effective upon expiration of this lease, Lessor agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of twenty (20) days after Lessee's receipt of the notice shall have the prior and preferred right and option to purchase a new lease, or part thereof, or interest therein, covered by the offer conditions specified in the offer.

IN WITNESS WHEREOF, this lease is executed effective the date first above written, and upon execution shall be binding upon the signatory party whether or not the lease has been executed by all parties named herein as Lessor.

CALL & CLECUM

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT This instrument was acknowledged before me this 20<sup>TH</sup>

ATTANAMAN ATTANAMAN

day of October, 2010, by Bobby W. Gregory and wife, Rachel L. Gregory.

Notary Public. State of Texas

#### **EXHIBIT "A"**

ATTACHED TO AND MADE A PART OF OIL, GAS AND MINERAL LEASE DATED OCTOBER 13, 2010 BY AND BETWEEN BOBBY W. GREGORY AND WIFE, RACHEL L. GREGORY, AS LESSOR AND RANGE TEXAS PRODUCTION, LLC, AS LESSEE.

#### **ADDITIONAL PROVISIONS:**

Anything contained herein to the contrary notwithstanding, it is expressly agreed and understood that the provisions set out below shall have controlling effect in the event any inconsistency and/or conflict exists between such provisions and the printed lease form provisions set out above.

- 13. Notwithstanding anything herein contained to the contrary, it is understood and agreed that Lessee, its successors or assigns, shall not enter upon nor use the leased premises for conducting any surface or drilling operations hereunder, without consent from Lessor.
- 14. Lessors royalty will never bear, either directly or indirectly, any part of the costs or expenses of production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage, or marketing of the oil or gas produced from the leased premises or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas. Lessor's royalty shall bear its proportionate part of all ad valorem, severance, gross production, gathering and other similar taxes levied on or measured by production from the lease premises.
- 15. Anything appearing in this lease to the contrary notwithstanding, it is understood and agreed that in the event Lessee should for any reason enter into a gas sales contract covering a sale of gas (including casinghead gas and/or other gaseous substances) produced from or attributable to the leased premises to a purchaser which is owned or controlled by Lessee, or which is a subsidiary or affiliate of Lessee, or of which Lessee is a subsidiary, then and in that event, the royalties on such gas payable by Lessee as provided elsewhere in this lease shall be calculated and paid on the basis of the market value thereof. The term "market value" as used in this paragraph shall mean the average of the three highest prices being paid for gas of like quantity, quality and delivery pressure at the wellhead of wells (which wells are similarly located with respect to a pipeline owned or operated by bona fide purchasing companies for resale purposes) located in the county in which the leased premises is located under existing contracts of like duration having been entered into within one year of the effective date of the gas sales contract entered into by Lessee covering the purchase of gas and/or casinghead gas from a well drilled on the leased premises or on lands pooled therewith. Further, Lessee's gas sales contract with its subsidiary, affiliate, parent company or a purchaser owned or controlled by Lessee shall contain an annual price redetermination provision applicable for the term of the gas sales contract whereby once each year the prices being received by Lessee under said contract shall be adjusted to the then current market value of the gas (as defined above).
- 16. A pooled unit for gas shall not exceed 320 acres plus an acreage tolerance of 10%, except that larger units may be created to conform to any spacing or well pattern that may be permitted or prescribed by governmental authorities having jurisdiction.
- 17. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of 1 year as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor of the additional consideration of the sum of \$ 2,500.00 per net mineral acre for each acre so extended.
- 18. This lease does not include the use of surface water from the leased premises by Lessee, and does not include right to drill a water well on the leased premises or to the use of water from Lessor's existing water well.
- 19. It is provided that should Lessee elect to exercise the pooling and/or unitization provisions set forth in the Lease, all the acreage subject to the terms of this lease will be included in such pool and/or unit.
- 20. This lease is specifically limited in scope to only those formations and geologic strata under the described leased premises located between the surface of the ground and 100 feet below the stratigraphic equivalent of the Barnett Shale Formation and no lower.
- 21. Lessee, its successors and assigns agree to defend and hold harmless Lessor, and their guests, invitees, and any of their affiliated companies, and their partners, officers, directors, shareholders, their respective heirs, successors, agents, and employees, from any and all costs, losses, claims, judgments, settlements, and damages of every kind and character (including violations of environmental laws and regulations, personal injury, and death), lawsuits and/or causes of action (including reasonable attorneys' fees and court cost), caused by the activities of Lessee and Lessee's agents, invitees, guests, contractors, servants, and employees on the leased premises.
- 22. This lease is given and accepted without warranty of title, and there shall be no recourse for return of the bonus paid to Lessor for this lease.

SIGNED FOR IDENTIFICATION:

BORRY W. GREGORY

RACHEL L. GREGORY

#### SUZANNE HENDERSON

**COUNTY CLERK** 



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

RANGE RESOURCES CORP 100 THROCKMORTON ST STE 1200 **FT WORTH, TX 76102** 

Submitter: CWC ENERGY INC

# <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration:

12/17/2010 3:14 PM

Instrument #:

D210312488

LSE

PGS

\$24.00

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D210312488

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL